

ANNEX-C

Finance System and Agricultural Finance

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

MINISTRY OF AGRICULTURE AND FORESTRY
THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

THE STUDY
ON
SMALL SCALE
AGRICULTURAL AND RURAL DEVELOPMENT PROGRAM
ALONG THE MEKONG RIVER
IN
THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

PROCEEDINGS OF THE WORKSHOP
ON
"AGRICULTURE FINANCE"

JANUARY 25-26, 1998
MINISTRY OF AGRICULTURE AND FORESTRY
VIENTIANE, LAO PDR

MARCH, 1999

SANYU CONSULTANTS INC.
NIPPON KOEI CO., LTD.

PROCEEDINGS OF THE WORKSHOP ON "AGRICULTURE FINANCE"

January 25-26, 1998

Ministry of Agriculture and Forestry
Vientiane, Lao PDR

The workshop on "Agriculture Finance" was held at the Ministry of Agriculture and Forestry (MAF) in Vientiane, Lao PDR, on January 25-26, 1998.

In total, 32 participants from the MAF, the Bank of Lao PDR (BOL), the Agricultural Promotion Bank (APB), Farmer Organizations, and JICA Study Team attended the two days workshop. The list of participants is attached as Annex 1.

It was jointly sponsored and organized by MAF and by the JICA Study Team for Small Scale Agricultural and Rural Development Program along the Mekong River. Additional assistance and advice were provided by Mr. Silisay Vilayhong Director of Department of Credit of the Bank of Lao PDR (BOL) and Senior staff of the Agricultural Promotion Bank (APB). Input from Mr. Suwan Traipol former President of the Bank for Agriculture and Agricultural Cooperative (BAAC) in Thailand was also provided.

Planning and coordination of the workshop's day to day activities was done by a working committee composed of Mr. Langsy Saivisith General Director of Department of Irrigation (DOI), Mr. Somchith Thongphanheuangsy DOI, Mr. Phaydy Phiaxaysarakham, Department of Agriculture and Extension, Mr. Bounleuth Bounphasaysome, Department of Credit BOL, Mr. Yoshitomo Miyanishi Leader JICA study team, Mr. Oudet Souvannavong study team member, Mr. Norio Mochizuki study team member, and Ms. Harue Nasu study team member.

Mr. Oudet Souvannavong did moderation of the workshop with the assistance from Ms. Harue Nasu, Mr. Phaydy Phiaxaysarakham, Mr. Somchit Thonphanheuangsy and Mr. Bounleuth Bounphasaysome. The daily administration and logistic of the workshop were done by Ms. Harue Nasu with the cooperation of MAF cabinet office.

The secretaries of the workshop, Mr. Phaydy and Mr. Somchit summarized the conference records. Mr. Oudet Souvannavong and Mr. Yoshitomo Miyanishi compiled the summary.

SUMMARY REPORT

1. Introduction

Along the Mekong River thousand of farmers are suffering from flood in the rainy season and drought in the dry season depriving those farmers of any chances to increase their income, thus keeping them to eternal poverty.

The objective of the study on small-scale agricultural and rural development program along the Mekong River is to formulate a master plan for small-scale agricultural and rural development program for 12 districts in 3 provinces along the Mekong River. The master plan will focus particularly on stabilizing dry season agricultural production through the establishment of farmers' organization and the revitalization of rural credit system in order to fund the construction of feasible and sustainable irrigation structures that are needed to impel and to expand and stabilize dry season rice cultivation and to improve traditional farming practice.

In the course of the study, agricultural finance assistance program from the Agricultural Promotion Bank (APB) and from others public and private finance agencies are expected to play a decisive role in the assistance to farmers.

2. Objectives

The objective of the workshop is to discuss the problems and constraints of agricultural finance in Lao PDR and through Project Cycle Management (PCM) methods arrive at analyzing and determining development objectives and activities for future development.

The expected outcome of the workshop is an agreed direction and approach for agriculture finance development specified in a project design matrix (PDM).

3. Project Cycle Management Methods

Background

The key aspect of the participatory planning in the PCM method has its origin in the *Log-frame* developed by USAID in the sixties and has influenced subsequent project planning methodologies and semantics. In PCM this conceptual tool is combined with the group dynamics and communication techniques like Metaplan. GTZ has slightly modified the Log-frame, turned it into Ziel Orientierte Projekt Planung (ZOPP), has made the use of ZOPP mandatory for all projects. The Foundation for Advanced Studies on International Development (FASID) noted the usefulness of the ZOPP methods in increasing transparency of Japan's official development assistance and improving quality control in development projects.

Application

The planning stage of the PCM also called Objective Oriented Project Planing (OOPP) is a tool for initial discussion, ranking and analysis of causes of problems and for preparing the formulation of objectives. It can also be used to review the logic of an existing project and for evaluation purposes.

Purpose

PCM helps to gain insight into the causal relationships of forces or situations that affect the problematic situation which an intended project is supposed to address. On the basis of the finally agreed causal picture, the next step in PCM helps to formulate overall and specific objectives, which can subsequently be used to guide detailed project planning. A Project Design Matrix (PDM) can thus be drawn up which summarizes the intended project.

Output

- a problem tree: structure of the causes, effects and subsequent effects of situations and forces
- a hierarchical description of objectives
- a project design matrix (PDM).

Short description

Using cards, flip-over or other materials that allow visualization and manipulation of simple written statements (key words), and by way of sub-group and/or large group discussions, firstly a broad consensus about problems is generated. From this, an agreed picture of the causes and effects leading to the core problem is drawn up. Subsequently the hierarchy of problems is transformed into a hierarchy of objectives, and a commonly agreed picture evolves of general and specific objectives. After considering alternative approaches to accomplish selected objectives, the project design matrix is drawn up which specifies intended results, activities and resources as well as operational indicators and assumptions.

Assumptions/conditions

Participants should have at least global knowledge of the situation and should be willing and interested to brainstorm. A good facilitator, familiar with the logic of the exercise as well as the methods of stimulating and guiding wide ranging discussions is required. The organization(s) involved in the exercise should have a reasonably open mind about future interventions, otherwise the exercise becomes fictitious.

Benefits

The PCM promotes open-minded and wide-ranging reflection on the causes of problematic situation. It forces participants to become more specific and logical in their often broad and intuitive notions about these problems. The PCM helps to get a more specific, modest and realistic understanding of project objectives as opposed to making sweeping statements about unattainable and unverifiable goals. But the most significant contribution to be made by a well-moderated PCM exercise consists of verifying or establishing a convincing logic between the overall goal, project purpose, specific objectives, activities and resources. This logic (or the lack thereof) becomes visible and a serious check is carried out on the coherence and conceptual consistency of an envisaged intervention. If pursued to its ultimate product, the project design matrix, a clear conceptual framework is constructed from which increasingly specific decisions can be derived to plan and organize a realistic project.

A special merit of the project design matrix lies in its easy use for monitoring and evaluation purposes.

4. Proceedings

The first part of the workshop was;

- the opening address of Mr. Langsy Saivisith (Annex 2),
- the presentation of Mr. Yoshitomo Miyanishi about the background and objectives of the study, and about the objective of the workshop (Annex 3), and
- the presentation of Mr. Oudet Souvannavong about the PCM methods and the rules of the PCM workshop.

The second part of the workshop was the problem analysis of the causes and effects of existing problems pertaining to the area of agriculture finance. By the application of participatory planning methods of the PCM, the participants identified the problems and put them on a problem tree. The problem tree elaborated during the session is given in Annex 4.

The third part of the workshop was the objective analysis process to identify the desirable situation that could be attained once the problems have been solved, and to clarify the means and relationship required to attain such objectives. After completing the problem tree, the participants gathered again to identify the objectives that should be attained after solving the problems specified in the problem tree. The objective tree elaborated during the third session is given in Annex 5.

During *the fourth part of the workshop* the participants identified project components and feasibility based on the information obtained in the objective analysis process. Then after, the participants were randomly devised into 4 groups in order to elaborate PDM for 4 projects identified in following;

- Group 1: Mobilization of farmers' funds into agriculture development.
- Group 2: Improving the coordination between the finance institutions and other government agencies in the support to agriculture production.
- Group 3: Strengthening the Agricultural Promotion Bank.
- Group 4: Policy for the mobilization of resource and funds for agriculture investment and credit.

The fifth part of the workshop was the presentation of the PDM elaborated by the group work and a general discussion on the findings headed by Mr. Langsy Saivisith. The PDM of the four group works are attached as Annex 6.

The last part of the workshop was the summary by Mr. Langsy Saivisith and the closing address of H.E. Dr. Sien Saphanthong Minister of Agriculture and Forestry. The closing address is given in Annex 7.

5. Outcome and recommendations from the workshop

5.1. Outcome of the workshop.

The core problem identified by the workshop is *“there is not enough funds and credit provided to the farmers”*. In another way, the situation is that the farmers have limited access to credit and that the banking institutions with the monopoly of APB has limited resources and network to provide adequate credit to the farmers. The scope of credit provision by APB in the study area is very limited. Information collected by the study team proves that only 52% of credit required by the farmers could be provided by APB during the dry season. During the wet season the provision of credit is even less (16%).

The causes of the problems identified by the workshop were;

(1). Problem causes related to APB.

The APB has not enough funds

- BOL long-term soft loan allocated to APB is limited
- Lack of oversea funds
- Little saving deposit at APB
- Non Performing Loan (NPL) ratio is high

The APB is the sole provider of agriculture credit.

- APB is structured for agriculture credit only
- Commercial banks are not active in the agriculture sector

The Credit network of APB is limited

- Lack of branch office at district level
- Mobile power of credit agents is limited
- Limited number of APB credit agents
- Knowledge of APB credit agents is limited
- Training provided to credit agents not enough

The Quality of APB service is poor

- Public information to farmers about credit and APB is not enough
- APB lending guidelines and procedure are not up to date (too tight or too loose)
- The relation between the APB agents and farmers is not correct (top-down for the agents and no participation for the farmers)
- Attitude and action of APB agent not service oriented
- Visit of credit agents to farmers is too little and related to credit collection only
- Loan planning and collecting activities are too formal, there is a gap between the lender and the borrower.
- Loan planning and collecting activities are not conform with the production activities of the farmers
- Loan planning and collecting activities do not consider the circulation of money in the farmer community
- Credit in kind not enough
- Credit in kind not efficient (delays of delivery, no monitoring and control etc.)
- Credit to traders is not enough
- Credit to traders is not monitored and controlled.
- There are not market information and support given to the farmers.
- There is no coordination and exchange between APB farmer credit and commercial bank credit to traders.

(2). Problem related to the mobilization of funds for agriculture

- BOL reserve funds for soft loan is limited
- BOL oversea credit support is limited
- There is lack of qualified staff to elaborate financial projects in order to request funding from abroad
- Mobilization of private funds is not done properly
- Finance and currency policy of BOL not applied correctly
- The increase of credit funds by the banks does not conform with the currency policy of the BOL
- Credit policy not up-dated
- Utilization of credit funds not efficient enough, lack of focal area
- Monitoring and control of credit funds not done properly
- Credit funds are not provided to the people who needs them

- Credit funds are not collected properly, there is timeliness in credit collection
 - There is limited concession authorized by BOL to APB
- (3). Problem causes related to the coordination of resources and budget between the financial agencies and technical agencies (MAF, Ministry of Commerce and Tourism, Ministry of Industry and Handicraft etc.)
- National Priority Program (i.e. increase of the irrigated crop area by pump schemes) does not take the credit availability of BOL and APB into planning.
 - Financial institutions are not involved in the design and planning stage of the national program
 - The allocation of the national budget is not balanced between infrastructure investment, operational expenses of the agencies, survey and design expenses, training expenses etc.
 - Some agencies have more funds than needed.
 - National funds allocated to agriculture not used efficiently.
 - The allocation of the national budget is not balanced with the credit funds.
 - Coordination between APB and MAF, and other agencies involved in the support to farmers is weak.
 - Coordination between APB agents and Agriculture extension workers is lacking
 - Different approach and procedures implemented by the financial institutions and agriculture agencies.

(4). Problem causes related to participation and mobilization of farmer funds

- Farmers have limited participation in development project
- Farmers have the beggar attitude towards the government
- There is limited ownership from the farmers in development project
- Farmers funds are not formally circulated
- Farmer funds are used for other purpose
- Farmers buy marketable assets aside from depositing money
- Farmers have limited knowledge about finance and credit
- Farmers are not organized properly to participate in development project
- Farmers have received limited or no training and extension in agriculture development
- Farmers' organization (Water User Organization) is weak
- Farmers' organization is not utilized for mobilizing farmers funds
- Farmers' organization is not utilized by APB as client
- Farmers' input not calculated and considered in development project
- Government staff does not trust on farmers financial capability.

The above problems cause is summarized in the problem tree attached as per Annex 4.

By considering the above problem causes, 4 project areas were defined to improve and develop the farmer finance capability, to improve the coordination between the government agencies in agriculture finance, to strengthen the capacity of APB and to improve the fund mobilization process of the finance agencies. The projects' objectives, outputs, activities and inputs are specified in project design matrix (Annex 6).

The four PDMs could be considered as the outcome of the workshop. However, in the follow-up of the workshop recommendation the PDM should be further improved and a complete pilot project elaborated by the JICA study project.

5.2. Limitation of the workshop

Time constraints

In the JICA study inception report the initial time planned for the workshop was 12 days. With 3 days for discussion among the participants, 3 days for problem analysis, 3 days for the purpose analysis and 3 days for the preparation of the PDM. By considering the availability of the participants whose position in the government agencies could not let them away from the work for such a long time, the study project decided to reduce to time of the workshop to 3 days. Due to some practical matters at MAF the workshop time was further reduced to two days. Taking this time constraints into account the moderators, the finance system and the farmer finance specialists prepared a simulation of the problems area that have been used as a base for the discussion. Moderation of the PCM workshop was focused to get the consensus on the problem tree and in the elaboration of the PDM. Despite the preparation made by the study team the time is considered too short. It is recommended to have at least 3 full days for such a PCM workshop.

The level of knowledge between the participants

The participants were from different agencies and from representative of selected farmers' organizations. The knowledge and understanding about agriculture finance and credit is different between the participants. In some occasion point of views are going in different direction. However, through the process of participatory planning the participants could participate in the discussion. The moderator considered that about 80% participation in meeting was performed. It is recommended to give more information about the topic and subject of the workshop to the participants before the start of the PCM workshop.

Language limitation

The workshop was conducted in Lao and English language by semi-simultaneous translation during the first session, the fifth and last session. Due to the time constraints, during the process of problem and objective analysis, and during the elaboration of the PDM the discussion were mainly conducted in Lao with summary in English. Part of the JICA study team could not follow-up or get the essence of the discussion especially when there is opposite opinion.

5.3. Follow-up

The JICA study team has summarized those proceedings. The document will be translated into Lao language and circulated to all participants and agencies concerned. Comments on the proceedings from the participants and related agencies should be sent back to the JICA study team before the end of the first input (end of February 1999).

List of Participants of Workshop on Agricultural Finance
January 25 and 26, 1999

No	Name	Agency	Position
Members of the Project Steering Committee			
1	Mr. Langsy Sayvisith	DOI, MAF	DG
3	Mr. Anonh Khamhoung	DOAE, MAF	DG
4	Mr. Bounphone Soulinthone	Cabinet, CLCRD	DG
5	Mr. Boviengkham Vongdala	Cabinet, SPC	DG
6	Mr. Silisay Vilaihong	Dept. of Credit, BOL	DG
7	Dr. Soulasith Oupravanh	DOFEC, CIC	Dy. DG
8	Mr. Khamphai	LNMC	Officer
9	Mr. Nitthalat Somsanith	DOMH, MAF	Dy. DG
10	Mr. Veunvang Bouttalath	DOLF, MAF	Dy. DG
11	Mr. Khambounnath Xayanon	PAFSO, Bolikhamsai	Dy. Dir.
12	Mr. Sivixay Soukkhalat	PAFSO, Khammouane	Director
13	Mr. Phoumy Phoumanivong	PAFSO, Savanakhet	Director
14	Mr. Phalasack Pheddara	MAF	DICI
Members of the Central Working Group			
15	Mr. Somchit Thongphanheangsi	DOI, MAF	
16	Mr. Phaydy Phiengphaisalakhom	DOAE, MAF	
17	Mr. Philavan Nasoukhoum	CLCRD	
18	Mr. Bounleuth Bounphasaysone	Dept. of Credit, BOL	
19	Ms. Bounsy Thanousing	APB	Project technician

No	Name	Agency	Position
Branch Managers of APB			
20	Mr. Vutthi Leuanevilayhong	APB Branch, Bolikhamsai	Manager
21	Mr. Nhouay Pathoummady	APB Branch, Khammouane	Manager
22	Mr. Kham Fone	APB Branch, Savannakhet	Manager
Farmers from each province			
23	Mr. Chane Bouaphanh	Farmers' group representative, Borikhamsai	
24	Mr. Khampheng Mounnalath	Farmer in Khammouane	
25	Mr. Khammoun Sayamoungkhoun	Farmer in Savannakhet	
Credit Specialist from BOL			
26	Ms. Kaysone	BOL	Credit specialist
Resource person			
27	Mr. Suwan Traipol	Sanyu Consultants Thailand	Advisor, former BAAC President, Thailand
JICA Expert			
28	Mr. Akira Hashimoto	DOI	JICA Expert
JICA Study Team Members			
29	Mr. Yoshitomo Miyanishi	JICA Study Team	
30	Mr. Oudet Souvannavong	- ditto -	
31	Mr. Norio Mochizuki	- ditto -	
32	Mr. Hiroshi Takagi	- ditto -	
33	Mr. Takanori Takatsuka	- ditto -	
34	Ms. Harue Nasu	- ditto -	

OPENNING SPEECH
OF
Mr. LANGSY SAIVISITH GENERAL DIRECTOR OF DEPARTMENT OF
IRRIGATION

Dear.....

For agricultural sector in Lao P D R, it is a most important sector of the national socio-economic and it covered to 70% of the population in rural area. In the area along the Mekong River, especially in Borikhamxai, Khammouane and Savannakhet province where there are high density of population covered to 20% of population all over the country was so often suffering from flood and drought in rainy season. Their agricultural production did not extend and related to the natural, unsustainable, depriving those people of any chances to increase their income , thus keeping them to eternal poverty.

By the penetration to such problem of the government of Lao P D R, especially, the Ministry of Agricultural and Forestry at any time are worrying about the living condition of the people in rural area and paid more attention to the implementation of food production and market oriented agricultural production. Recently, the government had invested in the construction of many irrigation facilities, in order to increase the agricultural area in dry season of about 150,000 ha and 280,000 ha for wet season until the coming year of 2000. JICA had also assisted Lao P D R by funds and talents, many projects had effectively successful.

I would honorably congratulate and thank to the great assistance of Japanese Government and Japanese people to Lao Government and Lao People.

Up to the present time, as to the policy of the Government in reduction of slash and burn cultivation to protect the environment, many of population had turned to sustainable farming that are needed to impel and to expand and stabilize and improving traditional farming practice in rural area.

Together with the agricultural development mentioned above, the most important sector is to develop the investment system and providing credit for rural agriculture in order to increase the quantitative and qualitative of agricultural production and in the mean time.

In the objective of the study on small-scale agricultural and rural development program along the Mekong River is to formulate the master plan for small-scale agricultural and rural development program along Mekong River for 12 districts in 3 provinces namely, Bolikhamsai, Khammouane and Savanakhet province.

Investment activity and agricultural credit still remain many problems and constraints in practical same as in methods and policies, the objective of the workshop is to discuss the problems and constraints which obstructed the production and circulation of agricultural products and agricultural material and at the same time we

have to find out an agreed direction and approach in solving, and propose to the development project to solve such problems and constraints.

On behalf of MAF, represent the moderator of this workshop, I would request to all participants and agencies concerned to discuss and give some comments to the contents of this workshop effectively.

I do hope that, after this workshop we will have some projects as a monitor for development and for requesting the international fund.

Now, in representing the moderators I would satisfactorily open the workshop of agricultural finance officially from now.

Thank you

Background of the Study and Objective of the Workshop

1. Outline of the Study

The JICA Study on Small Scale Agricultural and Rural Development Program along the Mekong River is one of Japanese technical assistance and is being carried out on the basis of the Scope of Work agreed and signed between both countries in November 1997. The Study has three main objectives:

- Master Plan which formulates small scale agricultural and rural development program in four districts each in three provinces of Bolikhamsai, Khammouane and Savanakhet along Mekong River aiming stabilization of agricultural production in both wet and dry seasons through establishing farmers' organization and activation of rural crediting system basically by Agricultural Promotion Bank (APB).
- Feasibility Study which deals with priority area(s) or priority project(s) to be identified under the said Master Plan; and
- Technology Transfer includes on-the-job training for Lao counterpart personnel. In addition, it is planned that three trainee will have a training program in Japan about one month in March 1999.

The Study shall be implemented over 3 Japanese fiscal year (1998-2000) divided into 3 phases.

The Study Team has the following understanding for the implementation of the Study:

a. Study objective

- Stabilization of farming and self-sustenance of rural economy

b. Development strategy

- Improvement of traditional farming
- Introduction of dry season paddy cultivation

c. Development method

- Non-facility measures like provision of improved seed, etc.
- Low-cost irrigation measures like engine (power tiller) driven low lift pump, etc.
- Small scale irrigation facilities (pump, weir, pond, etc.)

d. Development constraints

- Vulnerability of Lao's Financial Monetary System
- Diversity in establishment of rural communities
- Poor capacity in farmers' technology and finance
- Floods in Mekong Rivers and its tributaries

e. Development perspective

- Introduction of low-cost as well as small scale irrigation facilities through initiatives of beneficial farmers and farmers' organization with APB's farm finance.

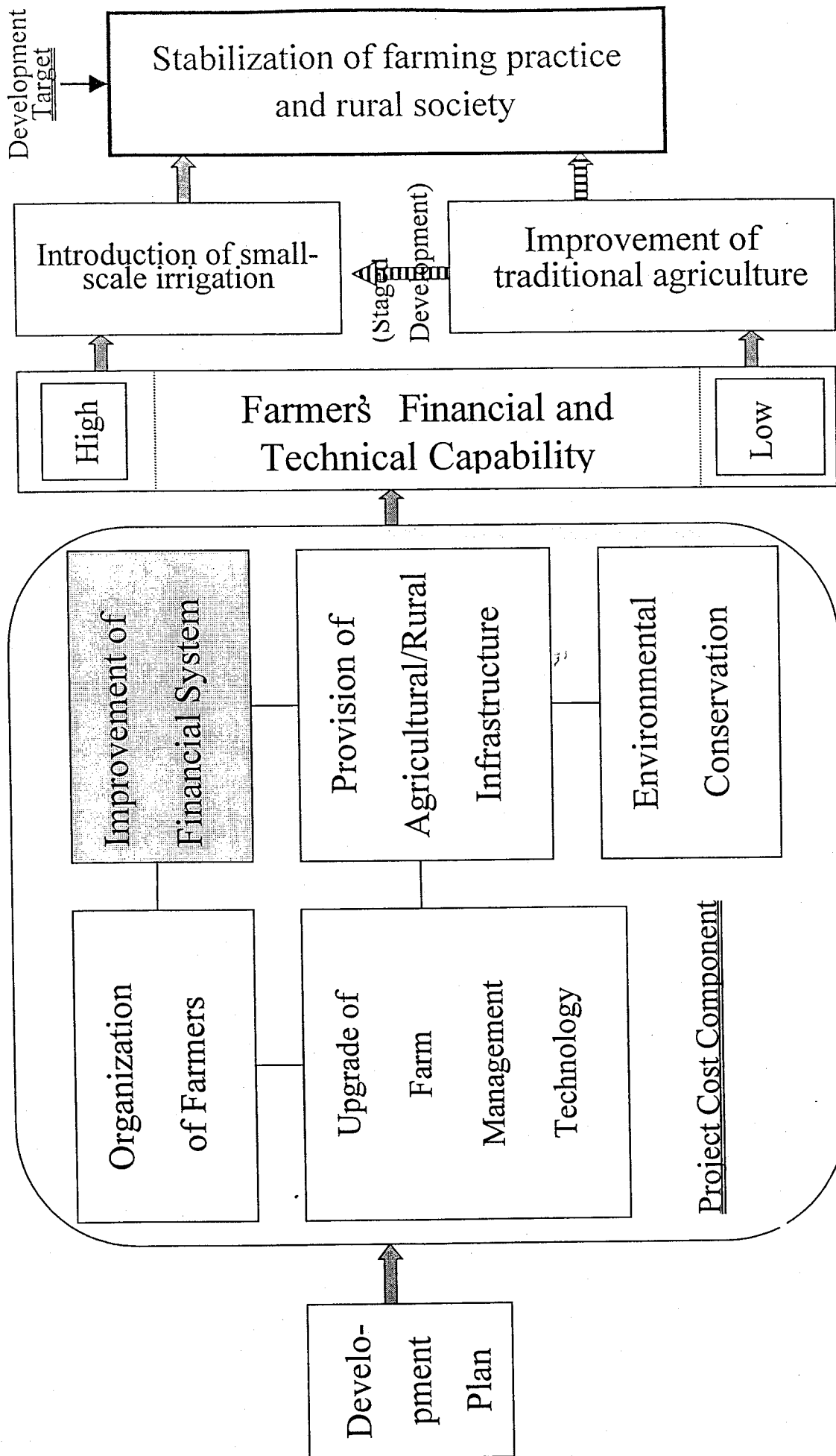
The basic concept to attain the development target is explained in Figure 1.

2. Objective of PCM Workshop on Agricultural Finance

The main objective of the workshop is to make full cognizance among the participants including:

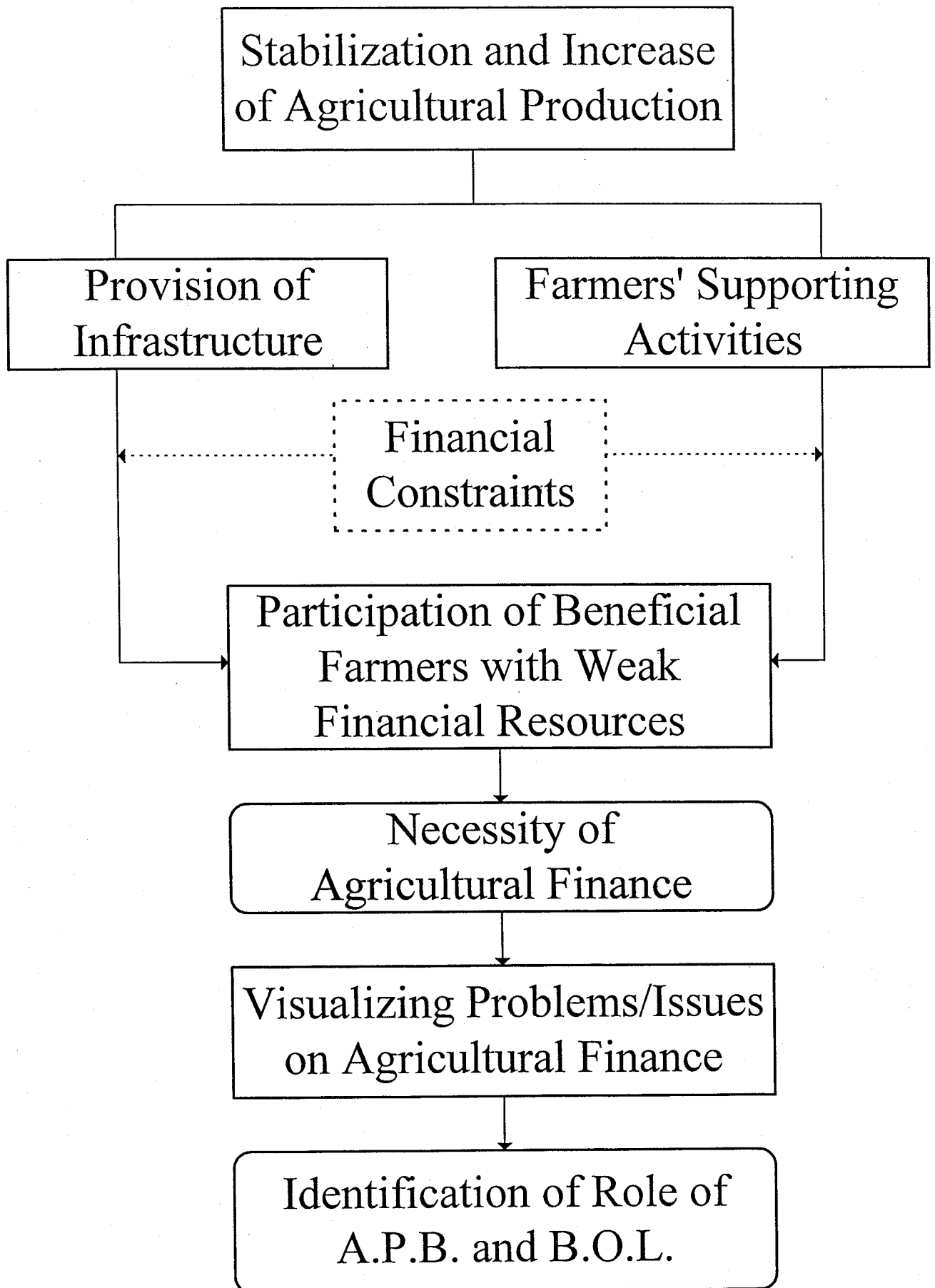
- The weak financial background of the Government of Lao PDR for further implementation of development projects, especially, provision of agricultural infrastructure as well as farmers' supporting activities.
- On the other hand, technical and financial resources of beneficial farmers are weak, who are expected to positively participate the development activities.
- Under the said situation, agricultural finance shall be definitely required.
- The current problems and issues surrounding the agricultural finance should be identified, discussed and visualized.
- Finally, role of Agricultural Promotion Bank (APB) and Bank of Lao (BOL) shall be identified.

The above procedures are illustrated in Figure 2.

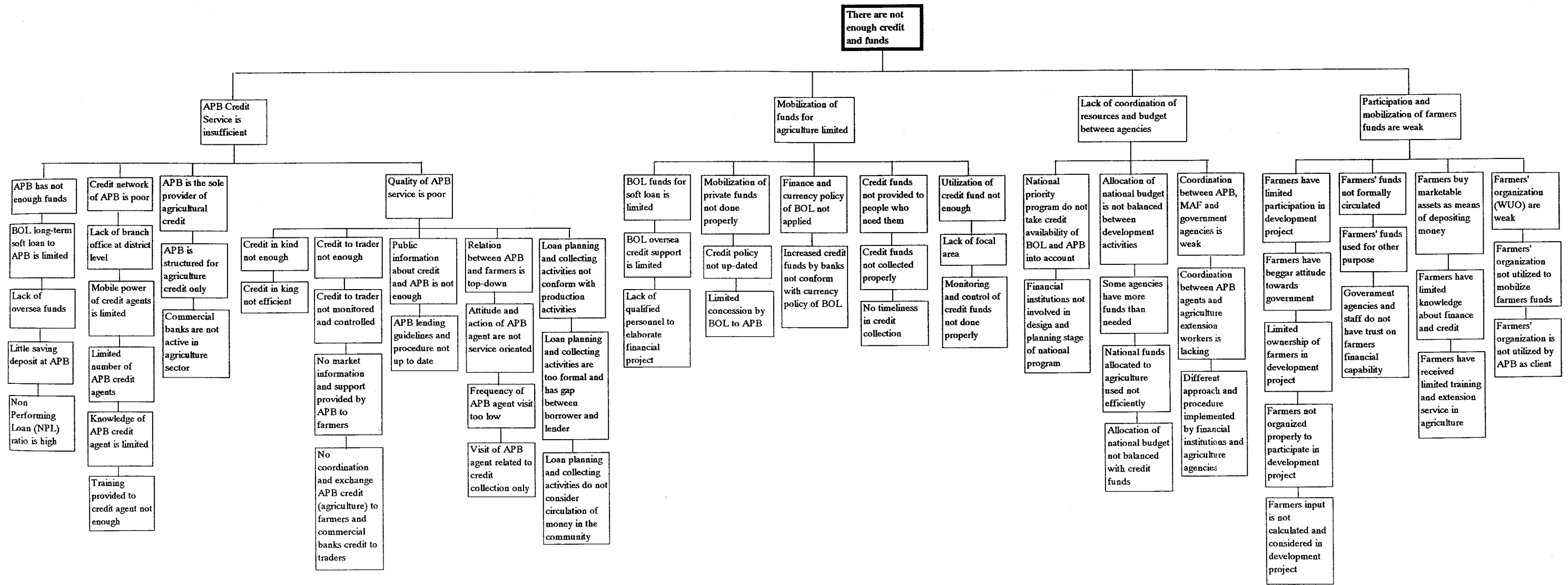


Input for Development Target

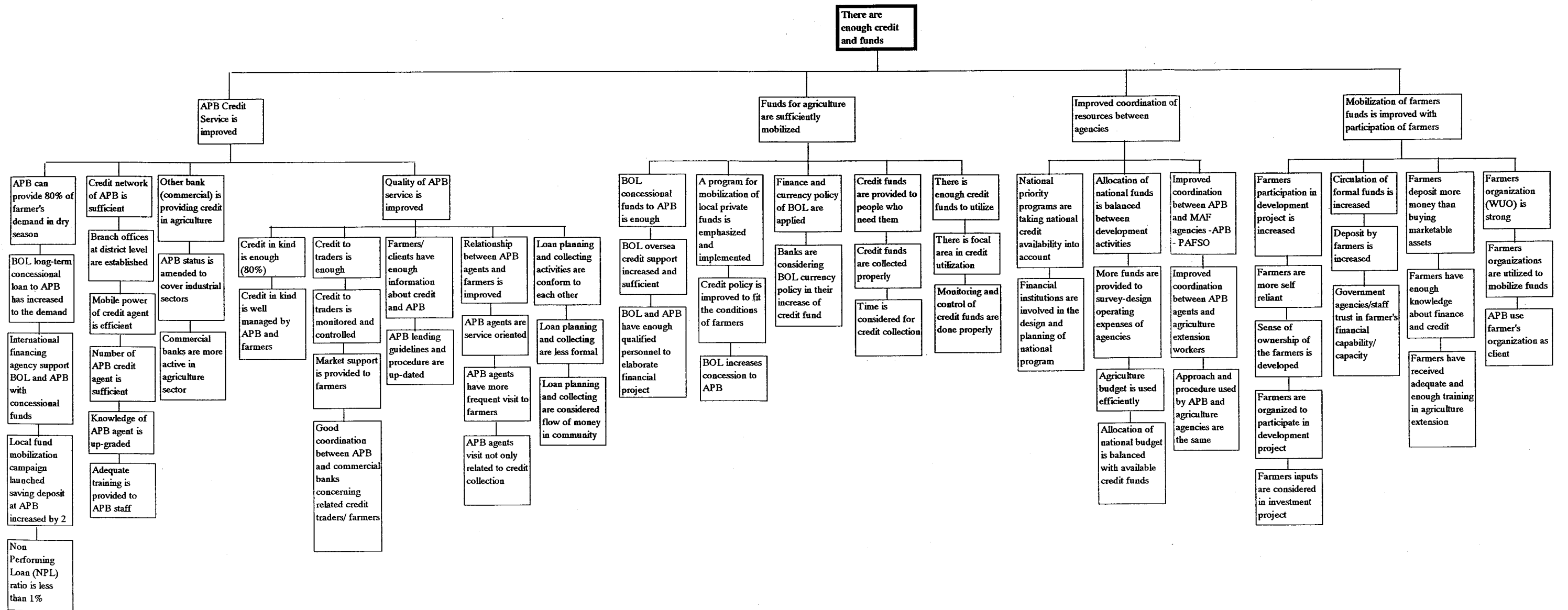
Objective of PCM Workshop



Problem Tree (Agricultural Finance)



Objective Tree (Agricultural Finance)



PROJECT DESIGN MATRIX (FFM)

Project name: Mobilization of Farmer Funds in Dry Season Crop Production **Duration: 10 years (2000-2009)**
Project area: Pilot project of 200 ha in Bolikhamxay Province **Target group: Farmer organization, Farmers** **Date:**

Narrative Summary	Objectively Verifiable Indicators	Means of verification	Important Assumptions
<p>Overall Goal To enhance the participation of the farmer community in agriculture production in order to boost production in the dry season</p> <p>Project Purpose</p> <ul style="list-style-type: none"> - To develop irrigated agriculture with the participatory approach and the development of the sense of ownership of the farmers towards the irrigation system. - To mobilize farmer funds for the construction, rehabilitation and operation and maintenance of irrigation scheme. - To strengthen farmers organization (WUO) in the operation and maintenance of irrigation system and in agriculture production and marketing 	<ul style="list-style-type: none"> - Farmer contribute more than 20% of investment - GoL provide 40% of investment - APB provide 40% of investment as credit. 	<ul style="list-style-type: none"> - Progress report - Annual report of DAFSO, PAFSO - Annual report of APB branch office - Minute of meetings 	<ul style="list-style-type: none"> - There are enough funds for infrastructure development - There are enough funds for credit provision - There are enough funds for project operation - There is a consensus on farmer funds mobilization
<p>Outputs</p> <ul style="list-style-type: none"> - Community organization of the villages improved and trained in participatory approach and methods - WUO strengthened and used for mobilizing resources and funds from the farmer community. - WUO strengthened in group management, credit management and financial management - WUO and farmers strengthened in operation and maintenance, agriculture production methods (rice and cash crops) and marketing <p>Activities</p> <ul style="list-style-type: none"> - Meeting with village authorities to get consensus about farmer funds mobilization - Improve status and organization of WUO - Involve WUO and village authorities in design and planning of irrigation system - Set working committee and assign WUO to mobilize local funds and resources (farmer, credit from APB, government budget) - Rehabilitation of irrigation system with government and farmer funds and resources - Training of WUO committee and farmers in irrigation management (O&M, Irrigation Service Fee etc.) - Irrigated agriculture production under new approach by WUO and farmers - Training of WUO committee and farmers in irrigated agriculture production (rice) practice. - Establish ISF and Capital re-investment Fee and get consensus on the new fees. 	<ul style="list-style-type: none"> - 1 working committee established - 200 ha utilized for production in both dry and wet season - rice yield increased to 5 tons per ha after 2 crop season production - 80% of APB credit provided according the need during dry season production 		<ul style="list-style-type: none"> - There is adequate training and extension provided by PAFSO to farmers
		<p>Inputs</p> <ul style="list-style-type: none"> - Training funds - Rehabilitation funds - Credit for production - Credit for rehabilitation - Operating funds - Technical assistance 	<ul style="list-style-type: none"> - Financial assistance for technical assistance, part of rehabilitation, training is provided by external institutions. - Financial assistance for credit funds is provided by APB <p>Preconditions There are enough funds for credit and for the project</p>

PROJECT DESIGN MATRIX (APB)

Project name: Strengthening the Agricultural Promotion Bank (APB)

Project area: 17 provinces

Target group: APB, APB's staff, Farmers

Duration: 5 years (2000-2004)

Date:

Narrative Summary	Objectively Verifiable Indicators	Means of verification	Important Assumptions
<p>Overall Goal Strengthening the capacity of the APB</p> <p>Project Purpose Institutional strengthening of APB</p> <ul style="list-style-type: none"> - Improve and develop APB network and human resources - Improve and strengthen the servicing mechanism of APB 	<ul style="list-style-type: none"> - Credit volume per agent increased from 80 Million Kips/person (39 Billion Kips/ 490 persons) to 160 M Kips/person (134 Billion Kips/ 840 persons) - Volume of credit increased 200% - Number of client increased 2 times - Non performing Loan ratio is less than 1% - Agriculture credit increased from 52% to 80% in the dry season and from 16% to 40% in the raining season. 	<ul style="list-style-type: none"> - Inventory of APB assets - Inventory of APB personnel - Annual balance sheet and result report of APB 	<ul style="list-style-type: none"> - There are enough funds for infrastructure development - There are enough funds for credit provision - There are enough funds for project operation
<p>Outputs</p> <ul style="list-style-type: none"> - 70 new district branch offices established - 49 existing provincial and district branch offices improved and refurbished - 350 new credit agents recruited and trained - A human resource development program for 490 existing APB staff established and implemented - Agriculture credit policy and procedures improved - ending procedures to farmer organization and farmers improved - Propaganda and information material for informing farmers produced and farmer information system established 	<ul style="list-style-type: none"> - 70 established district offices - 350 new credit agent recruited and trained - Credit policies - Lending procedures to credit groups and farmers organization - Handbook for credit agents - Handbook for farmers 	<ul style="list-style-type: none"> - Published policies, guidelines of BOL and APB 	<ul style="list-style-type: none"> - Technical assistance is provided by local and international expertise
<p>Activities</p> <ul style="list-style-type: none"> - Construct 70 new district offices - Refurbish and improve 49 existing district offices - Recruit new credit agents and provide them training with improved training curriculum - Establish in-service training program for APB staff that include (short term training for 50 persons/year, long term training for 10 persons/year, short term overseas training for 10 persons/year and long term overseas training for 2 persons/year) and improve existing training program and curriculum for APB staff. - Improve lending procedures and procedure for credit group establishment - Elaborate and publish guidelines and hand book for credit agents and for farmers - Elaborate and/or improve lending procedures to farmer organizations (WUA, WUO etc.) - Elaborate and publish APB news in news paper and broadcasting in TV and radio. - Elaborate credit and market information system to farmers 	<p style="text-align: center;">Inputs</p> <ul style="list-style-type: none"> - Construction and equipment for district offices 2,010,400 US \$ - Training, information and propaganda material 425,000 US \$ - Information and propaganda material 95,000 US \$ - Operating expenses for APB main office 86,000 US \$ - Technical Assistance 30 man/month 450,000 US \$ - Government staff assigned to project 120,000 US \$ 	<ul style="list-style-type: none"> - Financial assistance for technical assistance, part of infrastructure development (70%), part of project operating expenses is provided by ODA. - Financial assistance for credit funds is provided by foreign financial institutions - GOL provides enough staff, office premises, and national budget for infrastructure development (30%). <p>Preconditions There are enough funds for credit and for the project</p>	

PROJECT DESIGN MATRIX (CAPITAL FUND MOBILIZATION)

Project name: Accelerated Agricultural Development Fund Mobilization **Duration:** 5 years (2001-2005)
Project area: 17 provinces **Target group:** BOL, APB staff, Farmers **Date:**

Narrative Summary	Objectively Verifiable Indicators	Means of verification	Important Assumptions
<p>Overall Goal To mobilize capital fund from all sources with the emphasis of domestic sources during the first phase</p> <p>Project Purpose</p> <ul style="list-style-type: none"> - To strengthen the financial resources of the financial institutions (APB) to cope with the need of the farmers - To increase loan fund - To provide more confessional loan to farmers - To provide financial assistance to rural people for non-farm activities in order to increase off-farm income 	<p>Staged increase of local fund by 50% after 5 year.</p> <ul style="list-style-type: none"> - 1st year by 10% - 2nd year by 20% - 3rd year by 30% - 4th year by 40% - 5th year by 50% 	<ul style="list-style-type: none"> - Progress report by monthly, quarterly and annually 	<ul style="list-style-type: none"> - Realization of the capital fund mobilization policies, plan, target strategy among the concerned parties - Actual related policies remain unchanged
<p>Outputs</p> <ul style="list-style-type: none"> - APB field office and staff increased and strengthened - Capability of APB staff up-graded - Capital fund mobilization campaign launched - Capital fund mobilization mobile unit established - All sector are involved in local resource fund mobilization (including religion) <p>Activities</p> <ul style="list-style-type: none"> - Increase and strengthen APB field office and staff - Up-grade APB staff capability - Launch capital fund mobilization campaign - Establish mobile unit for capital fund mobilization - Involve all sectors in fund mobilization 	<ul style="list-style-type: none"> - Established district offices - New credit agent recruited and trained - Established mobile unit - TV, radio program - News paper 	<ul style="list-style-type: none"> - Outstanding of saving account - APB balance sheet and profit and loss statement - Aggregated loan record 	<ul style="list-style-type: none"> - Surplus production of agriculture products must be marketable - There are better conditions to develop agriculture industries and agri-business
<p>Inputs</p> <ul style="list-style-type: none"> - Tangible: tools, equipment, man power - Intangible: training service, technical assistance 			<ul style="list-style-type: none"> - The required activities and the needs of inputs are already fulfilled <p>Preconditions There is political and economical stability in the country</p>

PROJECT DESIGN MATRIX (SCFAGA)

Project name: Strengthen the Coordination Between Financial Agencies and Other Government Agencies **Duration: 5 years (2000-2004)**
Project area: Pilot area 3 provinces (Bolikhamsay, Khammouane, Savannakhet). Target group: APB, GoL Agencies, GoL staff, Farmers. Date:

Narrative Summary	Objectively Verifiable Indicators	Means of verification	Important Assumptions
<p>Overall Goal To achieve the goals set forth in Agriculture National Programs.</p> <p>Project Purpose</p> <ul style="list-style-type: none"> - To coordinate the resource of the different government financial and development agencies. Precisely between the agencies of MAF and BOL. - To coordinate national budget and plan with the credit availability of the financial institutions (APB in particular) 		<ul style="list-style-type: none"> - Progress report of national projects - Annual balance sheet and result report of APB 	<ul style="list-style-type: none"> - There is a consensus on the lending coordinating agencies. - There is political, economical and social stability - Government of Lao PDR allows changes in government administration structure - There is enough credit to balance with the national budget funds
<p>Outputs</p> <ul style="list-style-type: none"> - A coordination body within the government for the elaboration and implementation of national program established - A coordination unit in MAF for the elaboration and implementation of national agriculture program established. - Allocation of national budget is balanced between all development activities - Availability of credit funds is considered in the allocation of national budget to national program. - Improved management of credit funds by APB - Improved management of national budget funds by agencies concerned. 	<ul style="list-style-type: none"> - Working committee established at ministerial level, provincial level and district level - National budget is allocated to survey and design and operating expenses at least to cover 80% of the need. - Plan of APB for credit allocation is considered in national budget program. - About 200 credit agent and extension workers trained in new approach and extension methods 	<ul style="list-style-type: none"> - Published policies, guidelines of concerned agencies - Annual plan and budget of agencies concerned - Working committee minutes of meeting 	<ul style="list-style-type: none"> - Technical assistance is provided by local and international expertise
<p>Activities</p> <ul style="list-style-type: none"> - Elaborate management guidelines and working procedures for the agencies' staff responsible for planning and national project implementation - Develop an agriculture extension approach which could be both used by APB and PAFSO - Training of agencies' staff in financial and credit management and in project management - Training of credit extension workers (credit agents and PAFSO extension workers) - Improve the agencies data information system - Establish working committees between the agencies and the banks - Strengthening the institutions of APB and government agencies 		<p>Inputs</p> <ul style="list-style-type: none"> - Funds for institution strengthening - Training and workshop funds - Operating funds for meetings of working committees - Technical assistance 	<ul style="list-style-type: none"> - Training, operating expenses and TA is provided by grant <p>Preconditions There is a willingness to coordinate in the agencies concerned</p>

CLOSING ADDRESS (SUMMARY)

By

Dr. Siene Saphangthong,
Minister of Agriculture and Forestry

Study project on small scale rural and agricultural development in three central provinces of Lao PDR is lying in prioritized flat plain area of three provinces designated by government for development of three priority national programs, such as :

1. National food production program
2. Agricultural commodity production program
3. Slash-and-burn shifting cultivation discrimination program

The main constraint of development is water problem. Amount of water availability in some period still not enough yet. So that in this occasion it could be proposed to Japanese side to assist the development of land use where can be used for paddy land, particularly to Sanyu Company who have experience in this area to study on feasible project implementation. Farmer contribution is sounded, but they are difficult and short in brain and budget as well, while labor they have. Irrigated rice area of these three central provinces is occupying nearly 40 % of irrigated rice area in the whole country. However, in this workshop it is contributed by representatives of these provinces, it should pay more attention on water management and use until the end of harvest. Dispatch pumping schedule for energy saving and good rationalize water use. Fertilizer, e.g. organic fertilizer, FYM, non-organic fertilizer should be considered as important, that it is to be reaching the goal of 300,000 tons of rice production from this season. However, this period is season of vegetable growing, seed is not enough, it should look for solution solving. Large animal, pig and poultry rising should be promoted for farmer supporting including broiled chicken.

In addition, very hot important point is water pump installation and maintenance, if water pump available, but not yet install, it should immediately solve it. Some not to be left is slash-and-burn shifting cultivation practice in these three provinces must be definitively liquidated. Meanwhile, it is proposed to JICA to assist future management planning. Water gate in several tributaries of this section of Mekong river is also to be considered.

Renovation Plan of BOL Training Center

Bank Training Center, Personnel Dept., BOL

Construction of Training Center of Bank of Lao PDR
VIENTIANE

SKETCH PRELIMINARIES

17 april 2000

MASTER PLAN 1/2000

SYMBOL	DESCRIPTION
01	Building A <i>Dormitory</i>
02	Building B <i>Dining and conversation room</i>
03	Building C <i>Main building</i>
04	Sport Area <i>Football</i>

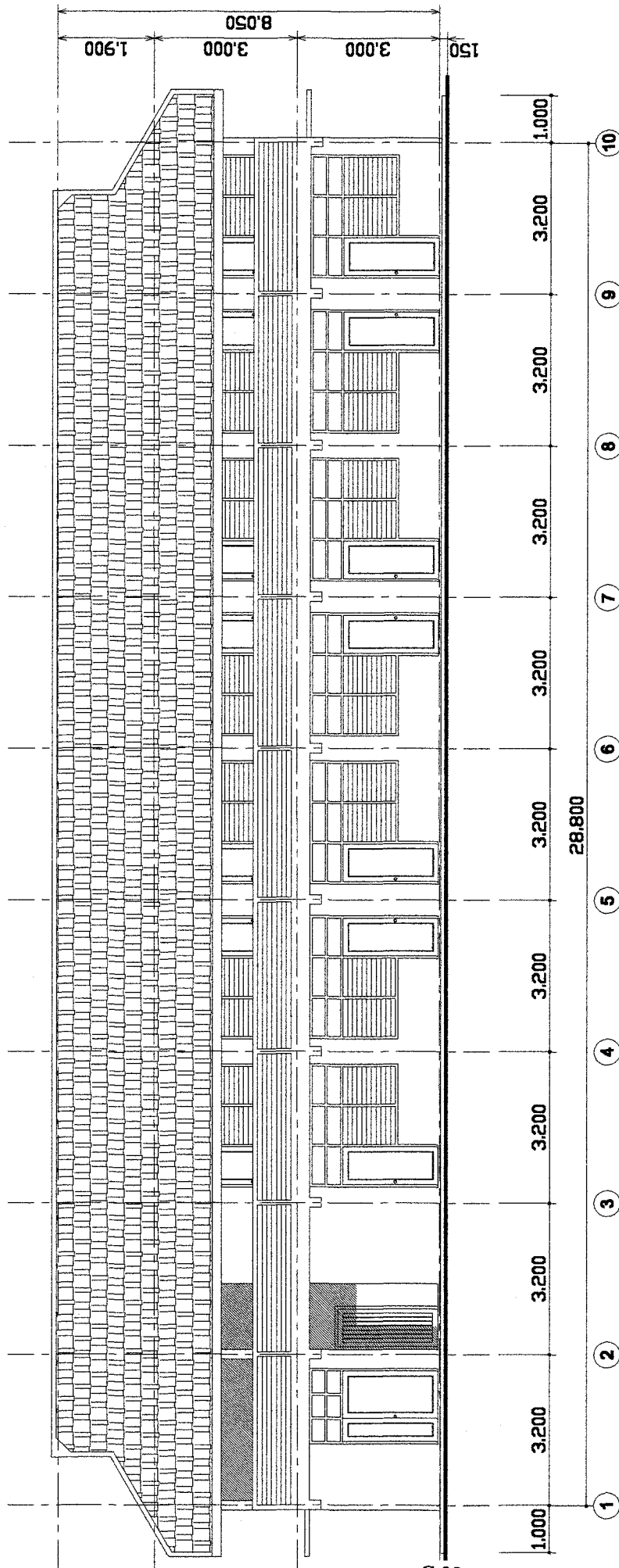
BILL OF QUANTITIES

Project: Construction of Training Center of Bank of the Lao PDR
VIENTIANE, LAO PDR

Summary of Bill of Quantities**AMOUNT TOTAL****PRELIMINARIES****SITE WORK**

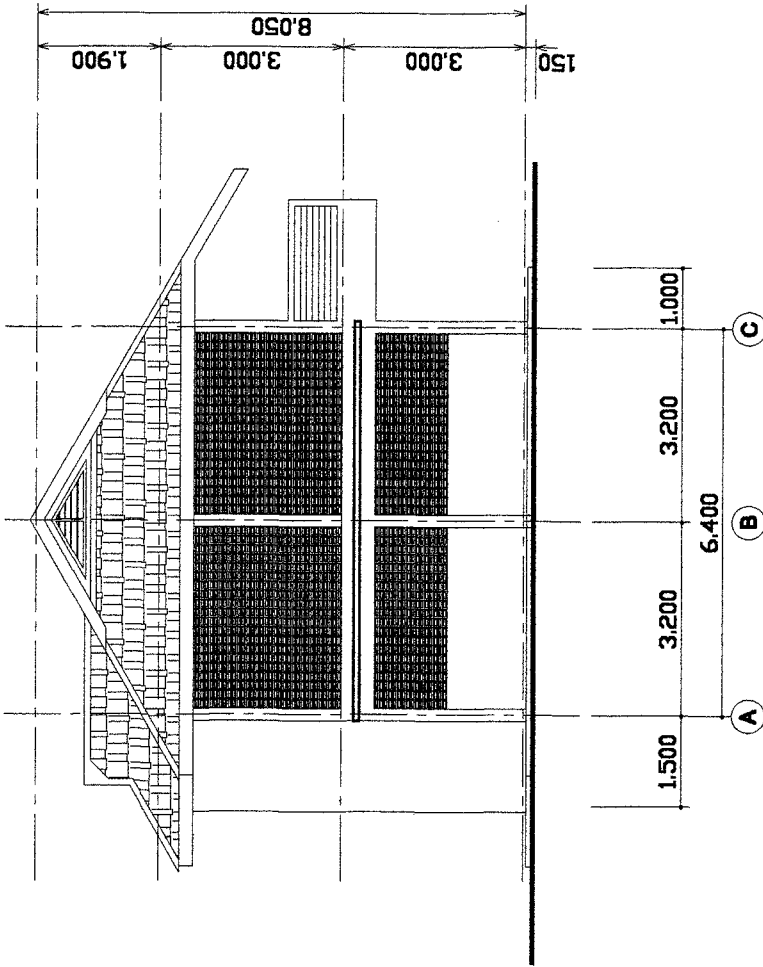
CUT & FILL
ROAD & SIDE WALK
DRAINAGE
FENCE, GATE & GUARDHOUSE
UNDERGROUND TANK

Build.A	Dormitory		98,400.00
	STRUCTURAL WORK		57,400.00
	Excavation & Backfill	1,500.00	
	STRUCTURE	55,900.00	
	ARCHITECTURAL WORK		41,000.00
	FLOOR FINISHES	11,500.00	
	WALL FINISHES	8,000.00	
	CEILING	3,500.00	
	DOOR & WINDOW	8,000.00	
	SANITARY WARES & FITTINGS	2,500.00	
	ELECTRICITY	5,000.00	
	PAINT	2,500.00	
Build.B	Dining and conversation room		21,900.00
	STRUCTURAL WORK		10,700.00
	Excavation & Backfill	500.00	
	STRUCTURE	10,200.00	
	ARCHITECTURAL WORK		11,200.00
	FLOOR FINISHES	1,600.00	
	WALL FINISHES	2,300.00	
	CEILING	1,500.00	
	DOOR & WINDOW	1,600.00	
	SANITARY WARES & FITTINGS	1,200.00	
	ELECTRICITY	1,300.00	
	PAINT	1,700.00	
Build.C	Main building		79,700.00
	STRUCTURAL WORK		42,900.00
	Excavation & Backfill	1,000.00	
	STRUCTURE	41,900.00	
	ARCHITECTURAL WORK		36,800.00
	FLOOR FINISHES	10,000.00	
	WALL FINISHES	7,000.00	
	CEILING	3,000.00	
	DOOR & WINDOW	7,000.00	
	SANITARY WARES & FITTINGS	2,500.00	
	ELECTRICITY	5,000.00	
	PAINT	2,300.00	
	GRAND TOTAL		200,000.00

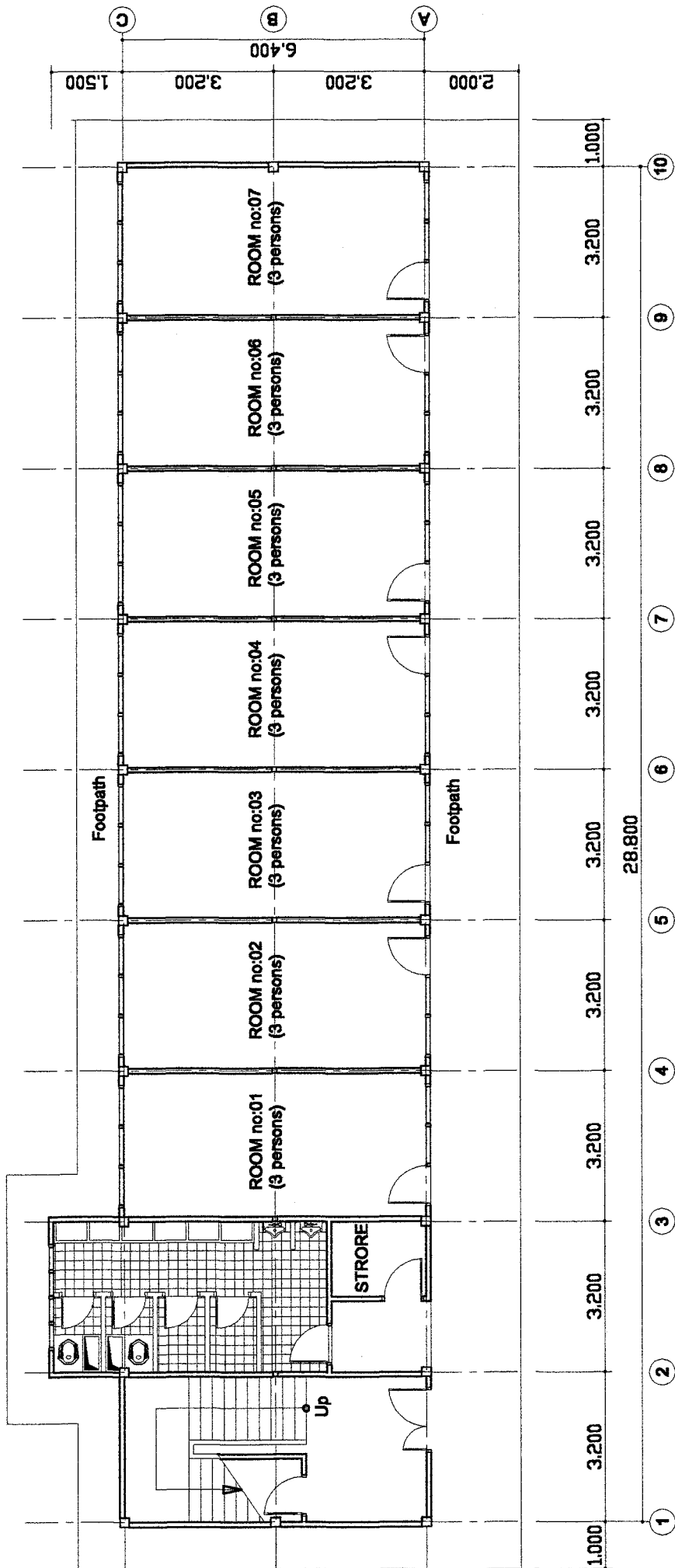


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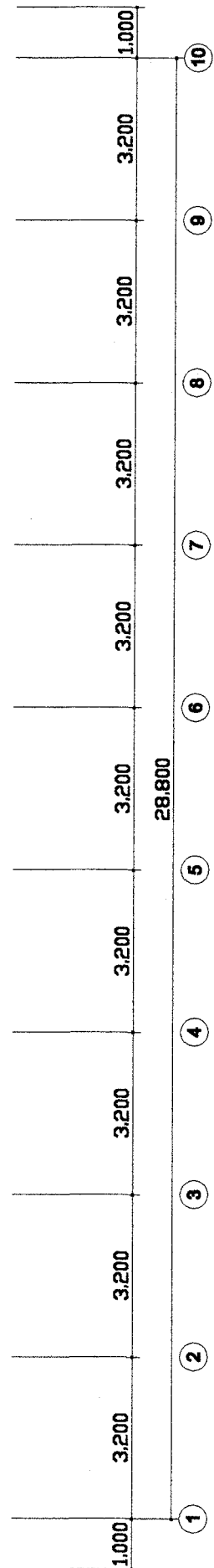
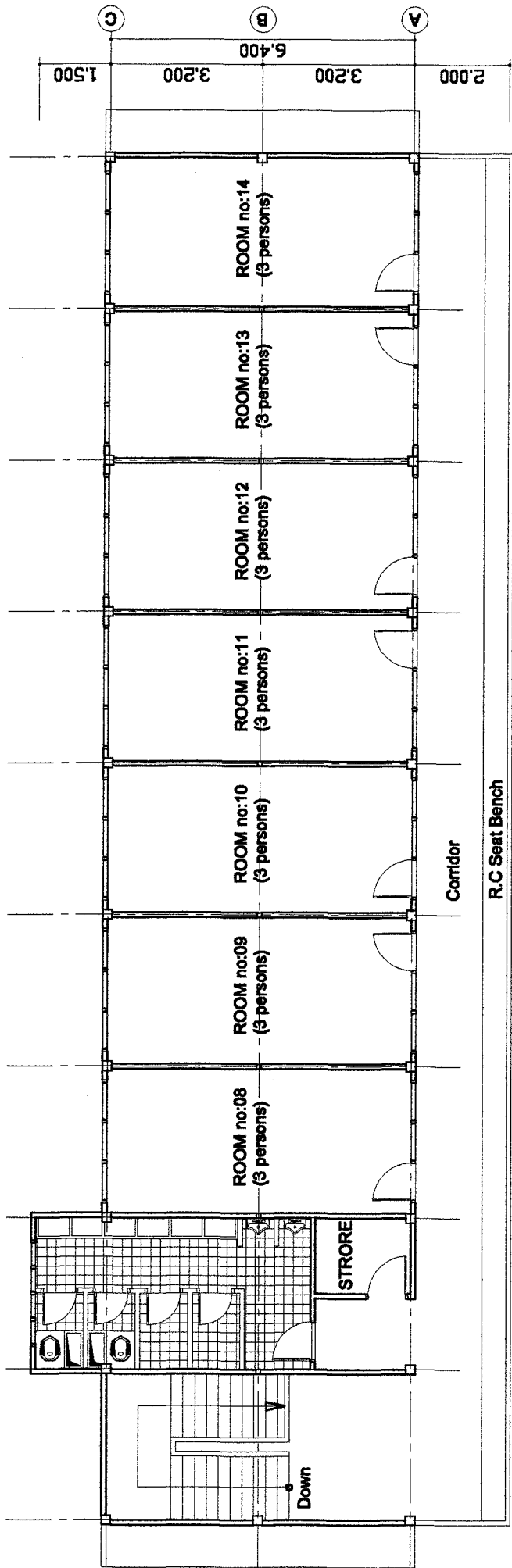
ELEVATION Build. A 1:125



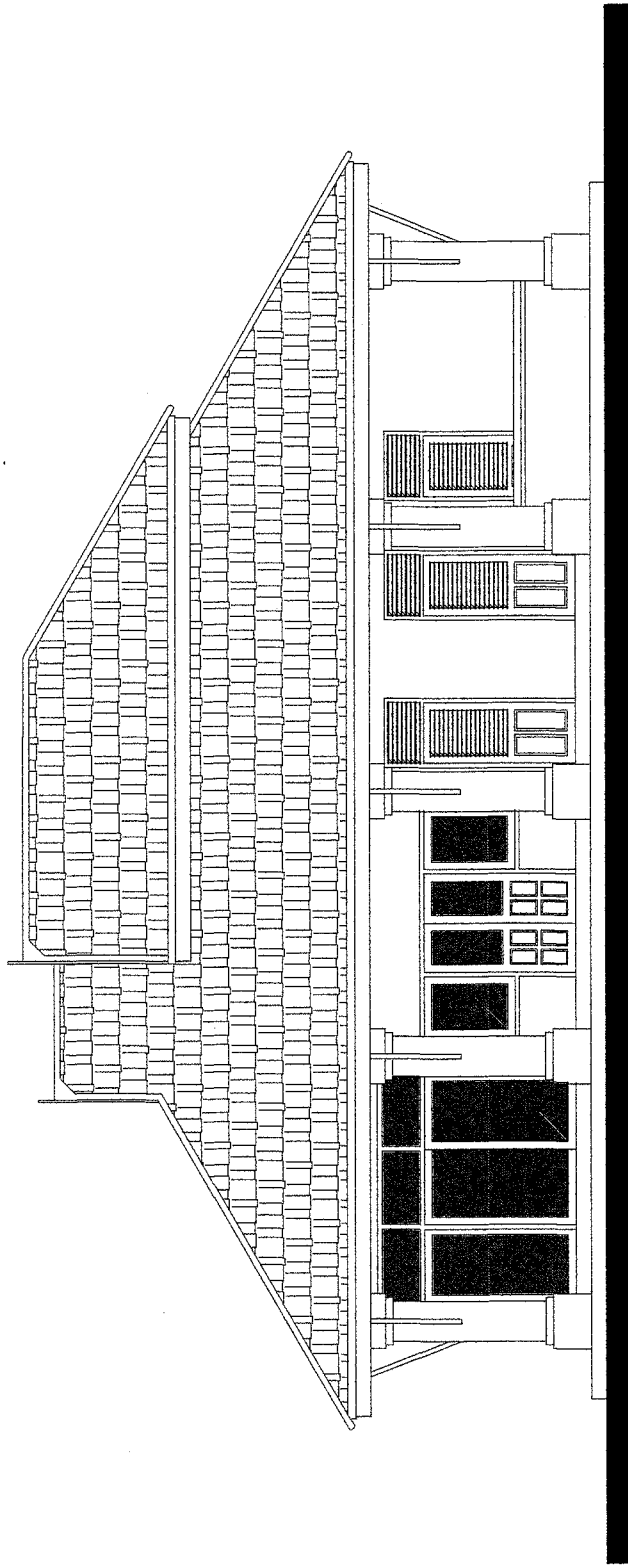
ELEVATION Build. A 1:125



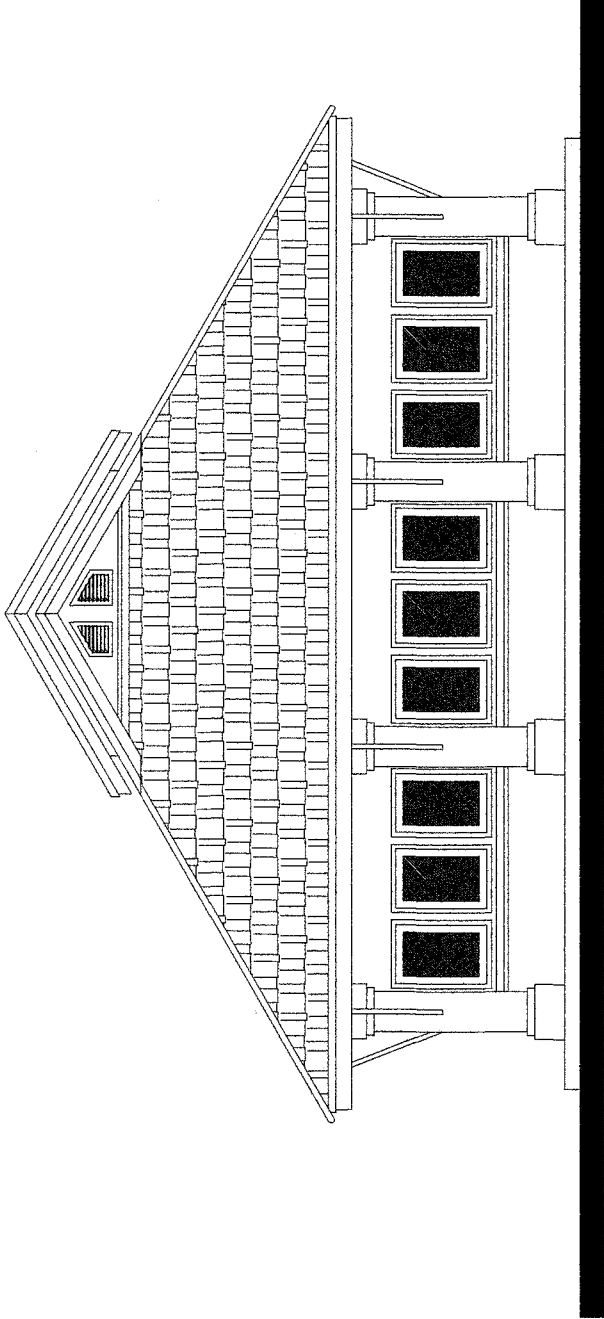
PLAN Ground Floor Build. A 1:125



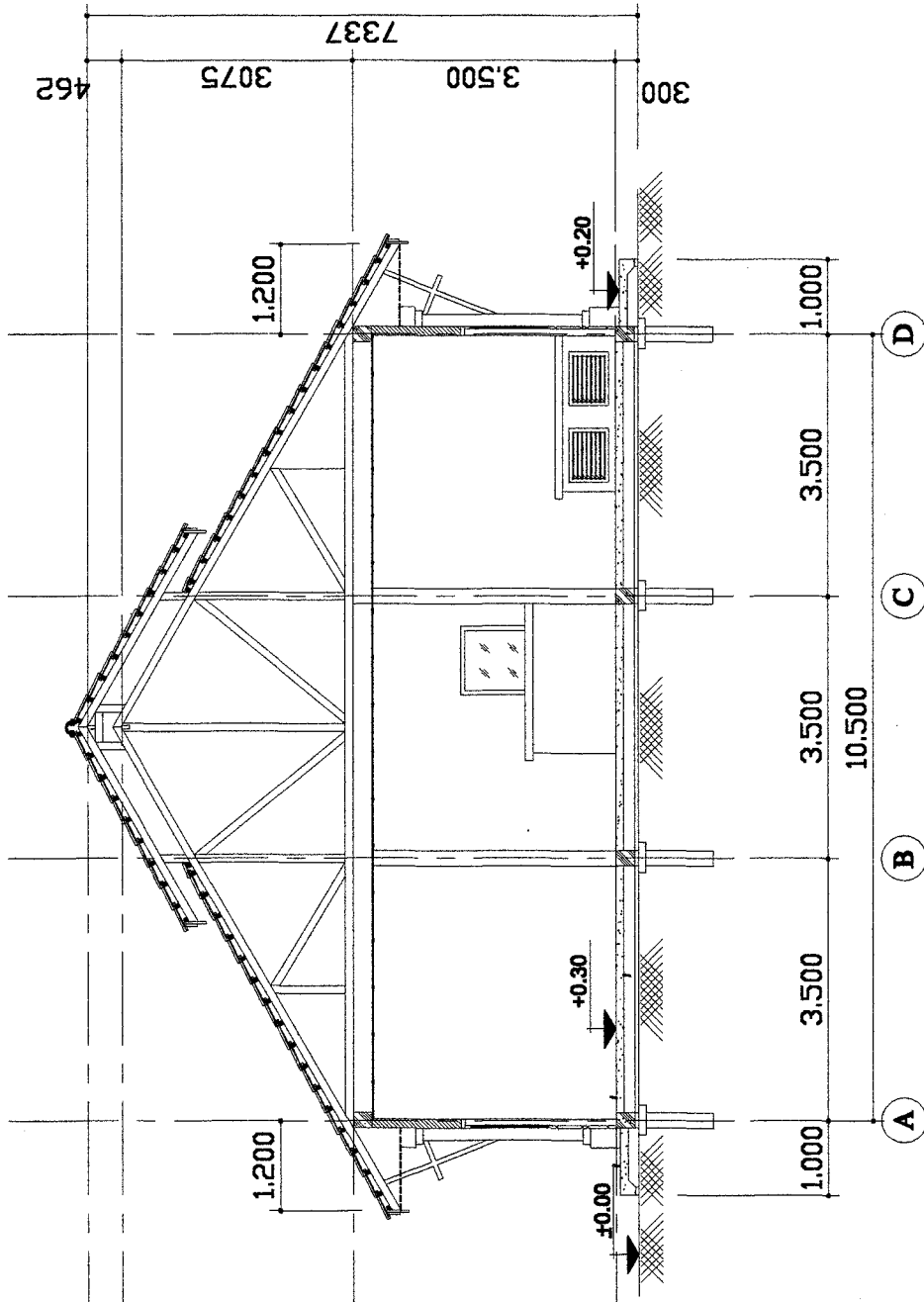
PLAN Second Floor Build. A 1:125



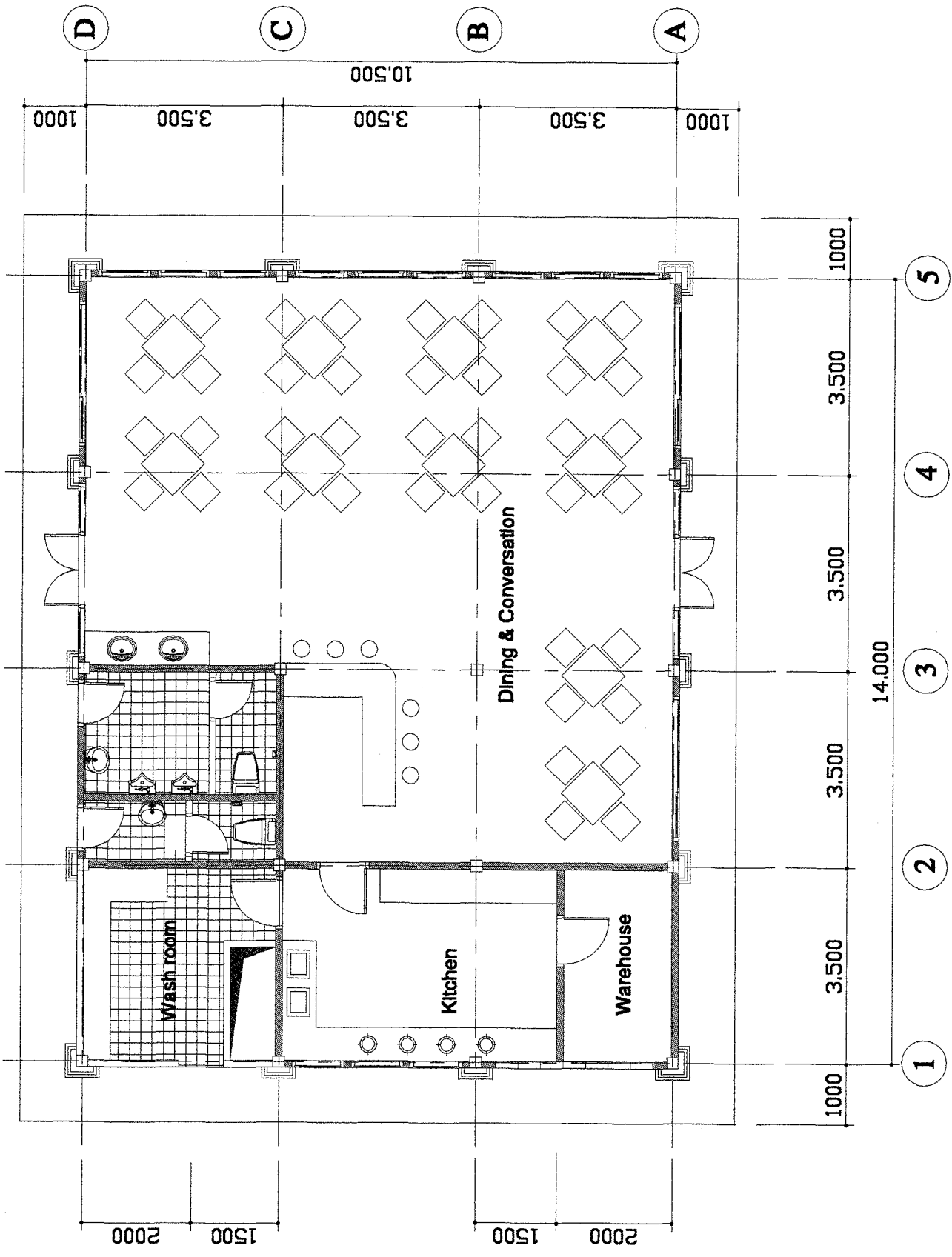
ELEVATION Build. B 1:100



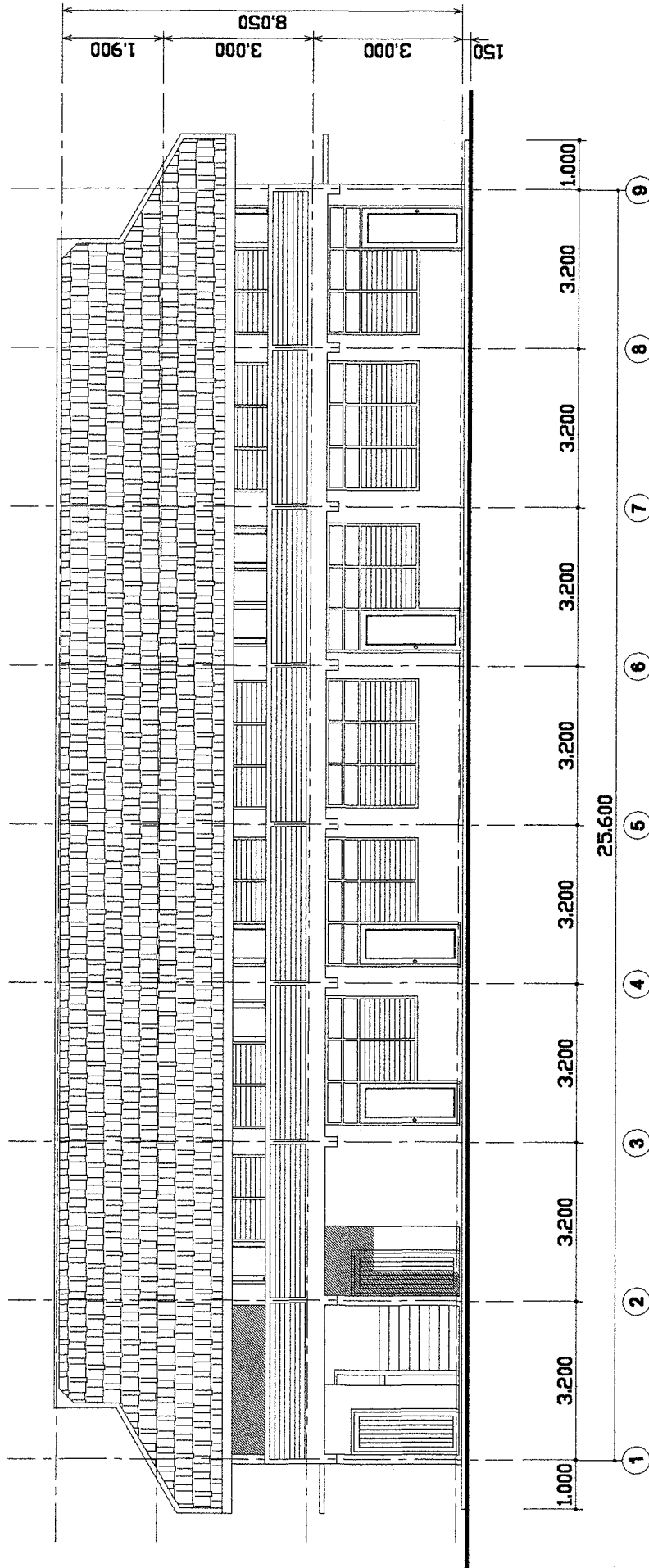
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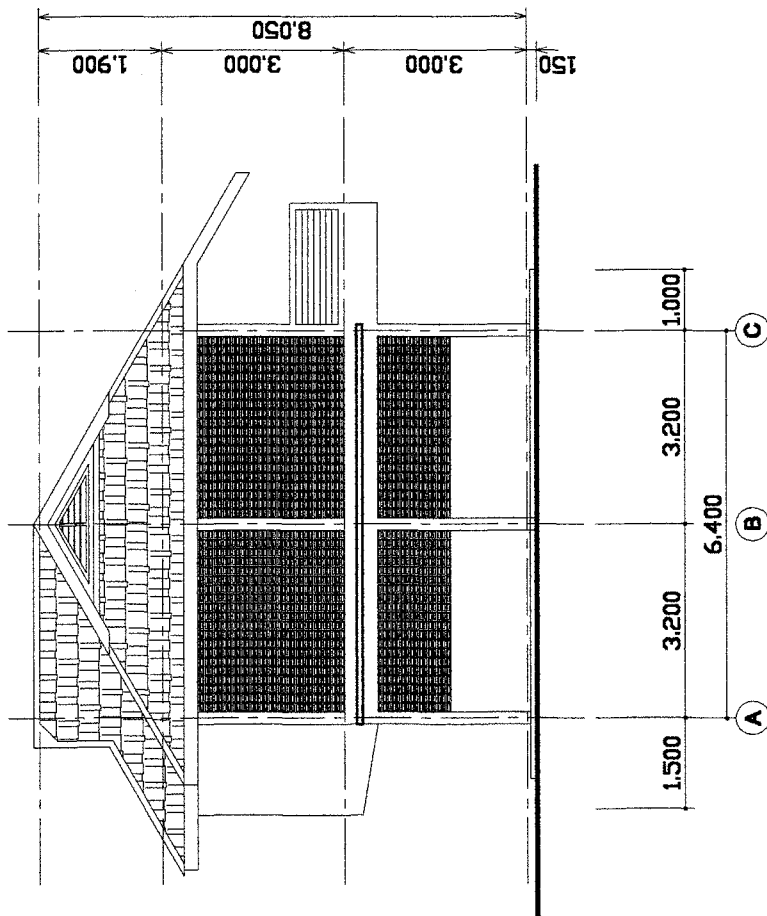
SECTION Build. B 1:100



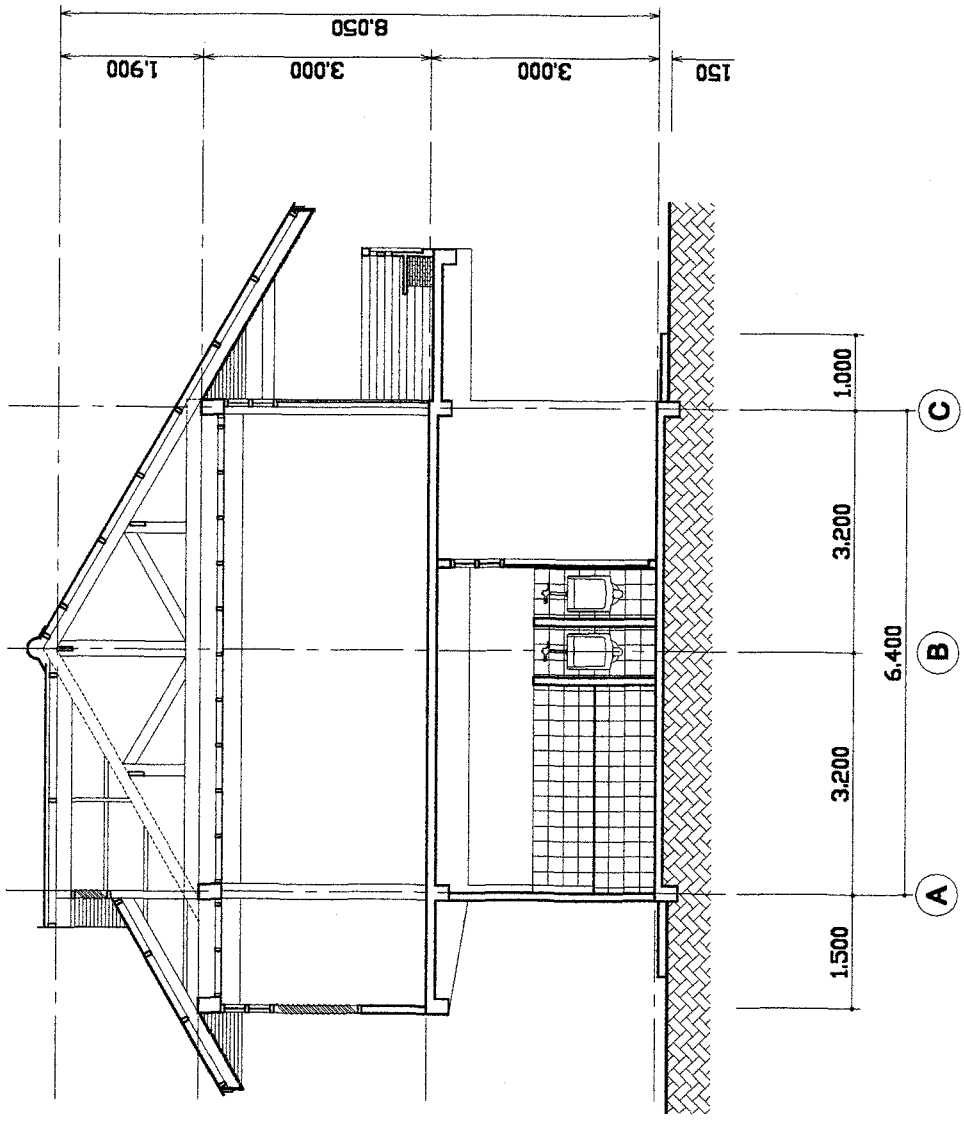
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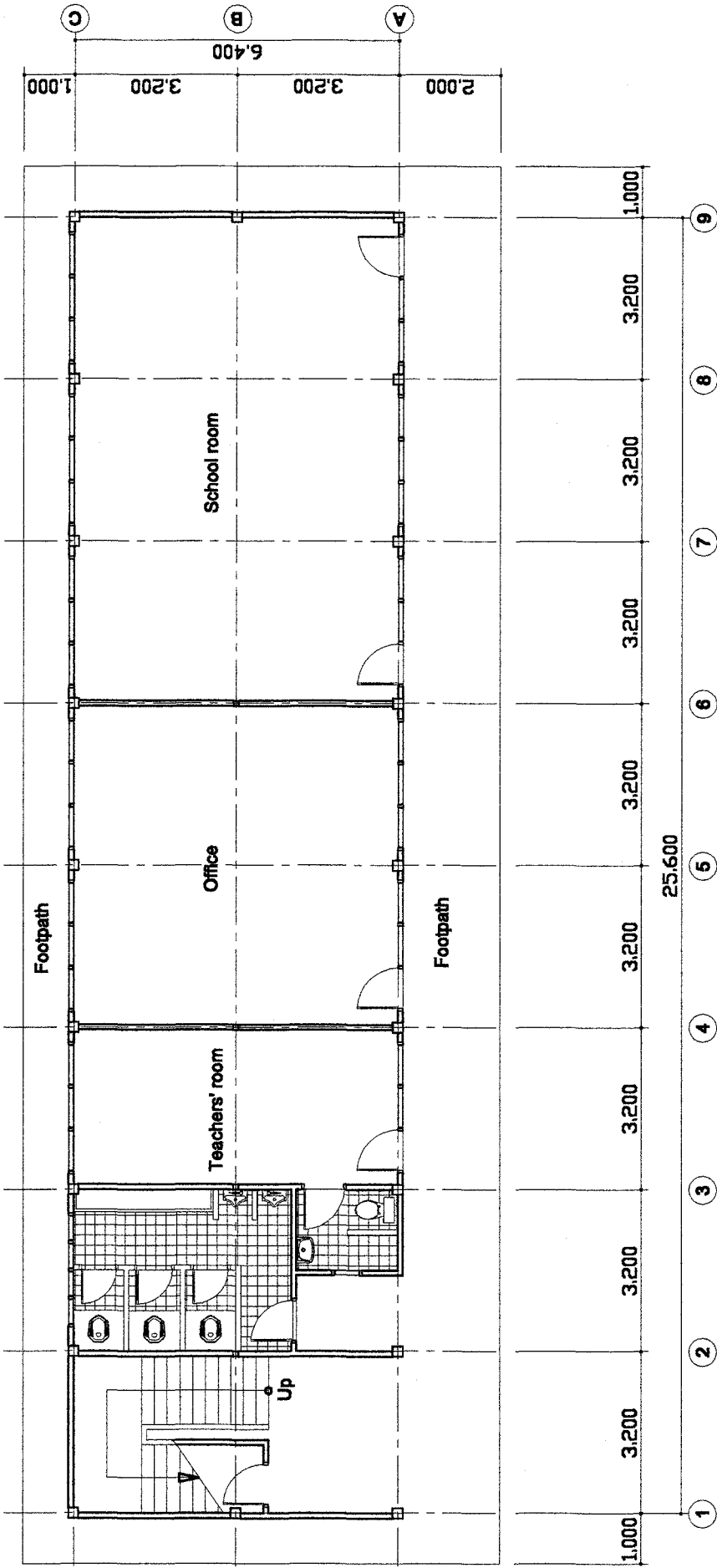
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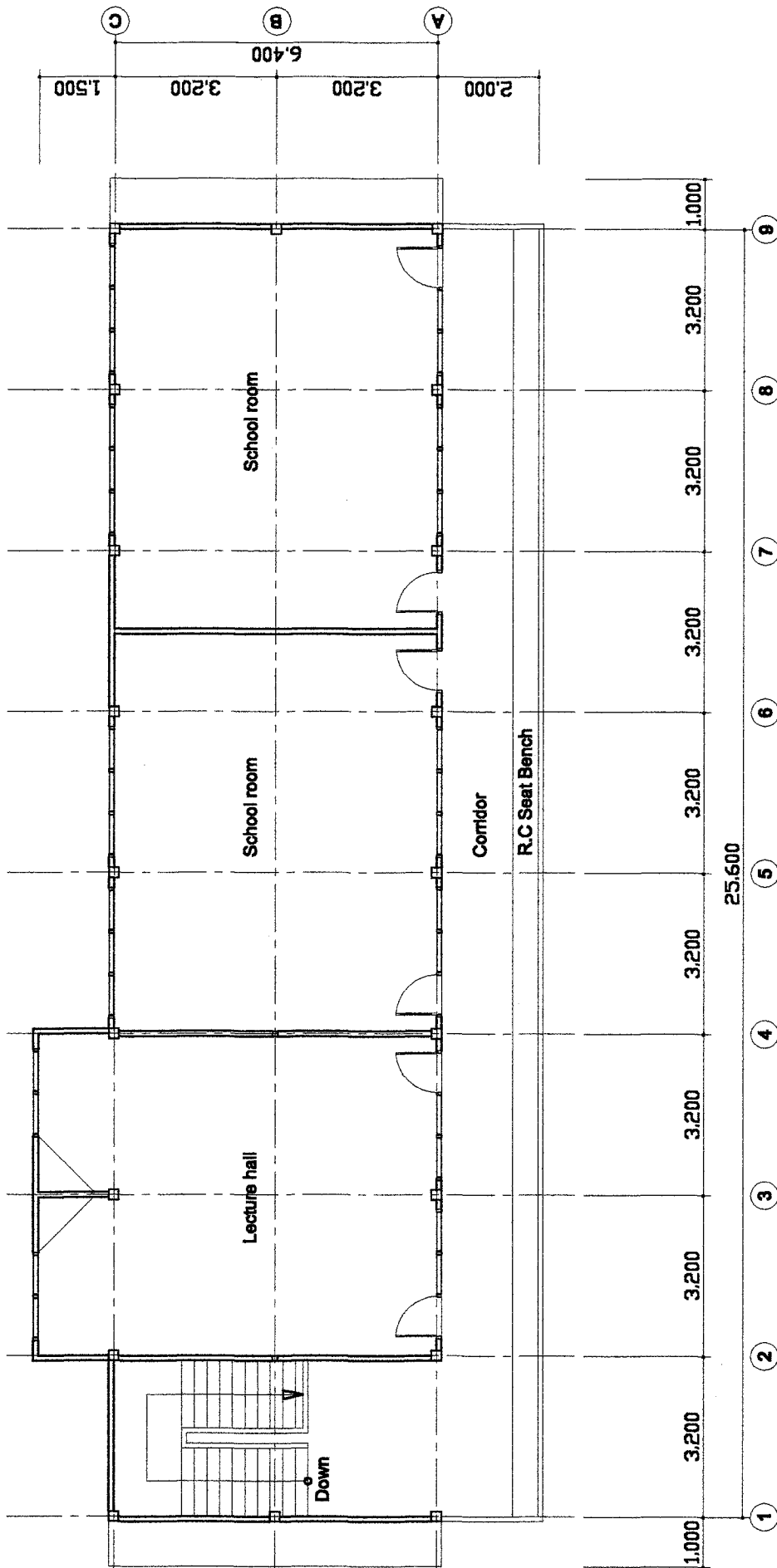
ELEVATION Build. C 1:125



SECTION Build. C 1:100



PLAN Ground Floor Build. C 1:125



PLAN Second Floor Build. C 1:125